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ABSTRACT

The occasion of the anniversary of Andrew Carnegie's transfer of wealth from business to philanthropy provides an opportunity to reflect on Carnegie's role in philanthropy and philanthropy's role, responsibilities, and challenges in the nation. Citizen philanthropy has been an important constituent of participatory democracy in the United States, and knowledge of the role of U.S. philanthropy gives a better understanding of the critical importance of public-private partnerships and citizen participation. Today, philanthropy is woven almost invisibly into the cultural fabric of the country. There are many individual wealthy donors, but what really makes U.S. philanthropy triumphant is its grassroots nature. Whether rich or poor, most Americans participate in philanthropy through volunteering time and money to a wide variety of causes. As the United States debates issues about wealth and inheritance, one hopes that public officials will act in the context of a full understanding of the tradition of U.S. philanthropy and its benevolent impact on society. A final concern is the need to reach out to the world at large. The United States cannot remain an island of prosperity in an ocean of scarcity. It is necessary to remember that while charity begins at home, it does not stay at home. (SLD)

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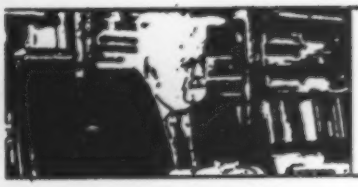
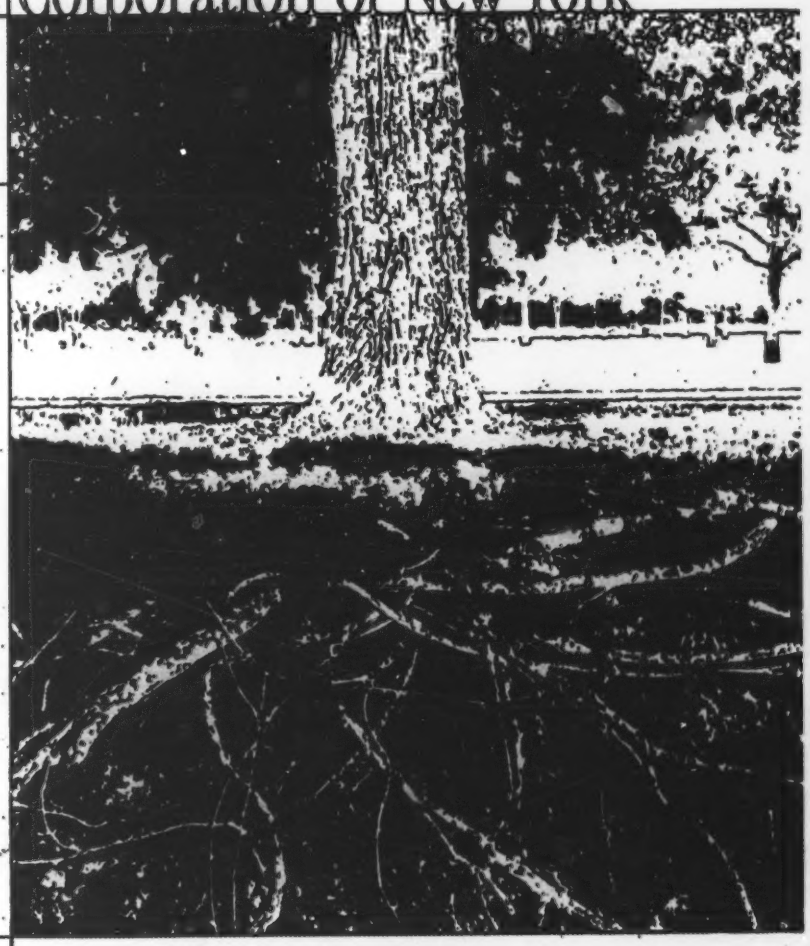
REPORT OF THE PRESIDENT

Carnegie Corporation of New York





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By Vartan Gregorian, President

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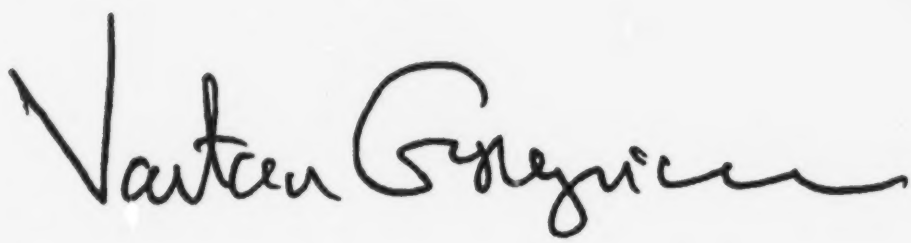
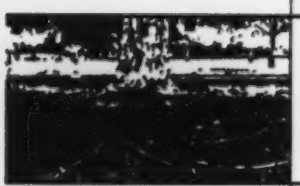
Report of the President





Some Reflections on the Historic Roots, Evolution and Future of American Philanthropy

In its 1919 obituary for Andrew Carnegie, the *New York Sun* called him the "personification of *Triumphant Democracy*," referring to Carnegie's own book on America. Written in 1886, it gloated over statistical evidence of the young democracy's success, and in deference to European readers, Carnegie coated "the wholesome medicine of facts in the sweetest and purest sugar of fancy at my command." As the *Sun* noted, the book was quintessential Carnegie: an ebullient, over-the-top, unrelentingly optimistic, 509-page love song, dedicated by the Scottish immigrant to his new homeland: "To the Beloved Republic under whose equal laws I am made the peer of any man, although denied political equality by my native land, I dedicate this book with an intense gratitude and admiration which the native-born citizen can neither feel nor understand."

A book critic asked rhetorically, "Where are the shadows?" Carnegie swiftly replied, "The book was written at high noon when the sun casts no shadows."

Carnegie's story is an original. He grew up in poverty just north of Edinburgh with slogans like "death to privilege" ringing in his ears. His father was a weaver and his grandfather was a shoemaker, and both were politically active in organizing trade unions and demanding democratic reforms including the common man's right to vote. In the "Hungry Forties," with borrowed money, the family emigrated to Pennsylvania. There, Carnegie began work in a factory at the age of 12, cashed his first dividend check at 21 and, at 33, was wealthy,

privileged and torn by conflicting values. "The amassing of wealth is one of the worst species of idolatry," the rich young man wrote. "Whatever I engage in I must push inordinately; therefore should I be careful to choose that life which will be the most elevating in its character." He made a creative compromise. Proclaiming himself a trustee of public wealth, he justified his zeal for making money by passionately reinvesting it in education, science and culture to "benefit humanity for generations untold."

A hundred years have now passed since March 2, 1901, the day when Carnegie completed one of the most significant financial transactions in American history by selling the steel empire he had built, and which was the source of his wealth, to J.P. Morgan for $480 million. It was one of the world's largest fortunes, acquired before income taxes or antitrust laws. That day in March, Carnegie also retired from business and, with the proceeds from the sale of the Carnegie Company (which included Carnegie's steel holdings) and his accumulated wealth, he expanded the range and scope of his giving. In the last 18 years of his life, Carnegie made the vast majority of his philanthropic gifts, which ultimately exceeded $350 million.

A social reformer to the end, Carnegie bequeathed pensions to one retired U.S. president and the widows of two other Presidents, hoping that the example of his private generosity would promote public responsibility in this area. Down to his last million dollars, in his will, he supported knowledge and its diffusion with generous gifts to several colleges and the "relief of needy writers" through the Authors Club of New York. Carnegie himself wrote a dozen books, including six collections of essays, and he included many writers among his friends and correspondents. (Feigning need, Mark Twain once wrote to Carnegie: "You seem to be in prosperity. Could you lend an admirer a dollar & a half to buy a hymn book with?... P.S. Don't send the hymn book, send the money. I want to make the selection myself.")

A century later, the occasion of the anniversary of Andrew Carnegie's transfer of wealth from business to philanthropy provides an opportunity to reflect on Carnegie's role in philanthropy as well as philanthropy's role, responsibilities and challenges in the nation. As Americans, we tend to be impatient with history, preferring to figure out things ourselves rather than figuring out what others have done before us. But taking a retrospective glance at American philanthropy can be inspirational and instructive. After all, citizen philanthropy is an important component of our participatory democracy, as most Americans share their time and money for public causes. Yet this public generosity—unrivaled in the world for its diversity, depth and scope—is also one of the nation's least appreciated strengths since it has become taken for granted. Knowledge of the role of American philanthropy gives a better understanding of the critical importance of public-private partnerships as well as citizen participation in our polity.

Philanthropic Society: Once a Radical Idea

Over time, the words for humanitarian acts—including volunteerism, mutual assistance, charity and philanthropy—have blurred together, blurring, as well, important distinctions. Charity and philanthropy, for example, have been used interchangeably, but they are really different sides of the same coin. Charity, which is derived from the Latin word *carus*,

meaning dear, has a long religious history; for Christians, Jews and Muslims, for example, it has meant giving immediate relief to human suffering without passing judgment on those who suffer. Philanthropy has a more secular history and comes from the Greek word *philanthropos*, meaning love of mankind. The Greek meaning carried over to English and, for the longest time, philanthropy referred only to a caring disposition toward one's fellow man. Now the word is used to describe generosity that promotes human progress in any field. While the term philanthropist may conjure up generous millionaires and billionaires, the vast majority of gifts of time and money come from average American families.

This modern definition evolved slowly, starting in Europe at the turn of the 17th century. At that time, there was a burst of philanthropic activity, mostly associated with forming mutual-aid societies and promoting humanitarian reform. But as social problems festered, citizens' efforts were considered inadequate and states took greater responsibility for providing relief. England, for example, enacted its landmark Statue of Charitable Uses in 1601. The law codified the state's responsibility for assisting the poor, aged and orphaned—as well as for providing hospitals, schools and universities. Other nations, in Europe and elsewhere, followed this model, dampening the growth of civil society—a term that refers to all the voluntary entities that operate apart from government and business.

Still, the revolutionary idea of philanthropic citizens working together for societal benefits persisted and it crossed the Atlantic with some idealistic colonists who believed in mutual-aid and voluntary associations.

Still, the revolutionary idea of philanthropic citizens working together for societal benefits persisted and it crossed the Atlantic with some idealistic colonists who believed in mutual-aid and voluntary associations. Preaching from the deck of the Arbella as it sailed toward New England in 1630, the Puritan leader John Winthrop spoke passionately about the interdependence of the community: "We must delight in each other, make others' conditions our own, rejoice together, mourn together, labor and suffer together."

A half century later, in 1682, William Penn led his Quaker followers to Pennsylvania, where they intended to establish a society based on wider freedoms than they had enjoyed in the Old World. This "holy experiment," as Penn called it, included good will towards one's fellow members of society as a deeply rooted principle. "True Godliness," he said, "doesn't turn men out of the world, but enables them to live better in it, and excites endeavors to mend it."

Idealism aside, the colonists faced the stark choice of either going without societal amenities and necessities or providing them through cooperative effort. In this organic way, then, voluntary associations formed to fill every void in the community, from fighting fires to lighting street lamps. These voluntary associations became the backbone of civil society. Inevitably, wealthy civic leaders became philanthropists and often lent their names to important institutions. In 1638, John Harvard gave his library and half of his estate to a new school in Cambridge. Following his example over the

centuries were the likes of Elihu Yale, Thomas Gallaudet, John Hopkins and Leland Stanford. Chiseled in stone above the entrance to the main building of the New York Public Library are the names Astor, Lenox and Tilden. Other names grace many great institutions—the Guggenheim Museum, the Mayo Clinic, The Rockefeller University, the Morgan Library, the Huntington Library, the Newbury Library, the Field Museum, The Frick Collection, the Smithsonian Institution—and remind us of philanthropists' role in educating the young, preserving our culture and improving our civil society.

Benjamin Franklin, of course, was the genius of mutual-aid societies. In 1727, at the age of 21, he formed a club named Junto for the mutual improvement of its members and the community. Over the years, one thing led to another: the founding of Philadelphia's first library; a volunteer fire company; plans for paving, cleaning, lighting and policing the streets; a mutual insurance company; a hospital and an academy, which subsequently became the University of Pennsylvania.

Benjamin Franklin was reflecting the ideas of the 18th century Enlightenment and the moral philosophy of Adam Smith. Today, Smith is best known for advocating laissez-faire capitalism in his second book *The Wealth of Nations*, but he based his economic theories upon his view of human nature, which he described in his first book, *The Theory of Moral Sentiments*, published in 1759. There, he theorized that man is driven by passionate self-interests, but moderates them with his intellect and innate sympathy for others. In this book, Smith first made the famous statement that, when people are left to follow their self-interests, they are "led by an invisible hand, without knowing it, without intending it, to advance the interest of the society."

Indeed, in the British Isles alone, the 18th century saw significant growth of voluntary associations and mutual-aid societies. Some examples suggest their range of interests: the Dublin Society for the Improvement of Husbandry; the Lunar Society of Birmingham, for members to exchange technical and scientific information; and the London Society of Arts, which encouraged "trade and manufactures."

Across the Atlantic, the nation saw a "baby boom" of voluntary organizations in the years following the American Revolution. In September 1787, for example, the *Pennsylvania Herald* carried laudatory letters to the editor about the large number of new associations. They included a society for the "gradual abolition of slavery," a society for the "promotion of political inquiries," a society devoted to the "medical relief of paupers" and a society for "alleviating the miseries of public prisons."

It is also worth noting that some of our founding fathers did not welcome the phenomenal growth of associations. They cited the fact that associations had no specific legal basis for existence, apart from the citizen's right of free assembly. George Washington was among those who feared that nongovernment organizations would become too powerful—after all, voluntary associations like the Sons of Liberty had helped the colonies defeat England, then the world's mightiest power. In his farewell address to Congress in 1796, Washington warned that "cunning, ambitious and unprincipled men" could use these associations to "subvert the power of the people, and to usurp for themselves the reins of government."

Throughout American history, in fact, the practice of sharing great wealth for public benefit has periodically rubbed our democratic

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"There remains, then, only one mode of using great fortunes... the reconciliation of the rich and the poor."

principles the wrong way, especially since the variety of philanthropic causes ensured their involvement in political controversies. The historian Robert Bremner adroitly captures our mixed feelings: "We expect rich men to be generous with their wealth, and criticize them when they are not—but when they make benefactions, we question their motives, deplore the methods by which they obtained their abundance and wonder whether their gifts will not do more harm than good."

Nevertheless, 19th century America captured the world's imagination with the way its extensive network of voluntary associations, mutual aid societies and citizen philanthropists —both rich and poor—were building the institutions of civil society. This was a radical idea in a world where the State was almost synonymous with society. In 1835, an international best-selling book spread the news. The book, of course, was *Democracy in America*, written by the 30-year-old French aristocrat Alexis de Tocqueville.

He explained how citizens' associations played a critical role in preserving and strengthening the modern world's first nation that did not have a ruling class. He coined the word "individualism" to describe the self-reliant character of Americans, who reveled in their freedom from aristocracies. While noting that this unrestrained freedom might well have turned into anarchy, he also observed that the excesses and negative aspects of individualism were held in check by citizens' benevolent associations, which were organized to influence politics and address societal concerns. He also pointed out that the United States was that rarest of places, a nation that actually belonged to its citizens, and this sense of ownership fostered a communal, barn-raising spirit. "Americans of all ages, all conditions

and all dispositions constantly form associations," he marveled. Tocqueville attributed this generosity to a widespread sense of obligation to repay the country for providing the benefits of freedom and a free market. Citizens, he observed, seemed to have an "enlightened regard for themselves," which spurred them to "willingly sacrifice a portion of their time and property to the welfare of the state." At its best, Tocqueville believed that "enlightened self-interest" would help citizens distinguish between integrity and compromise, justice and injustice, personal gain and public interest, means and ends, good and evil.

By 1854, there was so much philanthropic activity in America that Henry David Thoreau wrote, "As for doing good, that is one of the professions which are full."

The 19th century saw the birth of the National Council of YMCAs in 1851, the Salvation Army in 1865, the American Red Cross in 1881, the National Benevolent Association in 1887 and the Volunteers of America in 1896—all of which are among the nation's 50 largest charities today.

Doing good was also gaining in sophistication. A central concern of late 19th century philanthropies was that misguided charity promoted dependence among the poor. Reformers called for replacing charity with what they called "scientific philanthropy." It was not scientific, but it was a deliberate effort to consider the root causes of poverty and develop preventive measures and self-help programs to eradicate the problem. By raising the hopeful prospect of actually solving entrenched social problems, the reformers energized philanthropy and contributed to its phenomenal growth in the 20th century. In addition, the concept of taking carefully planned steps to reach goals became central to what is now called strategic philanthropy.

Near the turn of the 20th century, the *New York Tribune* estimated that the Industrial Revolution had created more than 4,000 millionaires—a staggering number for the times. The newly rich had three basic choices for handling their wealth: They could spend the money on themselves and their families. They could share the wealth with charitable causes. Or—if they were pioneers in philanthropy—they could invest their wealth for society's long-term benefit. Andrew Carnegie, John D. Rockefeller, J.P. Morgan, Andrew W. Mellon, J. Howard Pew and Henry Ford were among the pioneers who ushered in the modern age of philanthropy. They created a new type of institution: the foundation, which had a broad mission to benefit mankind in perpetuity.[1] In these new, independent organizations, decision making and management were delegated to boards of directors.

At the time there were few boards of directors and even the word "management" itself was a novelty. Interestingly, the term was first used not by businesses, but by government

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agencies, nonprofit organizations and "scientific philanthropies" that created efficient organiza-

[1] Actually, by the time Andrew Carnegie placed the bulk of his fortune in one philanthropic organization—Carnegie Corporation of New York—he had created so many other institutions that he had used up all the conventional labels (foundation, endowment, trust, etc.), which meant that the Corporation received a name that is not really indicative of its mission or activities.

tions for setting priorities and taking steps to reach goals. In 1922, seven years before becoming president, Herbert Hoover organized the world's first "management conference." The same year, he wrote a book, entitled *American Individualism*, that described the healthy growth of the "associative state." The book publicized and promoted two parallel trends: first, the increasing rate at which privately owned companies were becoming publicly owned and, thus, more accountable through their boards of directors; and second, the growing number of nonprofit organizations that were pioneering professional management practices, including making decisions more publicly through their boards.

Philanthropies were not confined to building monuments such as universities, hospitals and museums. Many were doing the less visible but vitally important work of helping nonprofit organizations perform public services. Some notable examples: the Russell Sage Foundation, established in 1907 by Mrs. Russell Sage, a financier's widow, focused on "social betterment," which initially included research on tuberculosis and provided for children's recreation. The Rosenwald Fund, established in 1917 with money Julius Rosenwald made at Sears, Roebuck and Company, provided matching grants for African-Americans to build more than 3,200 public and private schools in the South and supported black scholarship and the National Association for the Advancement of Colored People. The Century Foundation, formerly the Twentieth Century Fund, established in 1919 by Edward A. Filene, the department-store magnate, helped establish trade and credit unions in an effort to redistribute income. Foundations, all taking a role in improving society, sprang up all over the country: Rockefeller Brothers Fund, Rockefeller Foundation, the Charles A. Dana Foundation and the Horace W. Goldsmith Foundation in New York; Kresge Foundation, W. K. Kellogg Foundation and Charles Stewart Mott Foundation in Michigan; the Meadows Foundation in Texas; the Spencer Foundation and Joyce Foundation in Chicago; the John S. and James L. Knight Foundation in Florida; the Annie E. Casey Foundation in Maryland; the William Penn Foundation in Pennsylvania; the Ahmanson Foundation in California; the Meyer Memorial Trust in Oregon and the list goes on.

Many were doing the less visible but vitally important work of helping nonprofit organizations perform public services.

In his essay, "Foundations in the American Polity," David C. Hammack summed up the growing role of these organizations in building a democratic civil society: "From their appearance shortly after 1900, foundations have played their most important role as reinventors of the nonprofit sector, as reshapers of nonprofit institutions, as organizers of new nonprofit institutions."

Andrew Carnegie: "Trustee" of Public Wealth

When it comes to reinventors and reshapers of American society, Andrew Carnegie personifies the difference an individual with an altruistic vision can make. Although he is still best known for building 2,500 public libraries—which are enjoyed by 35 million people a day—two less well-known examples of his philanthropic work show how he wove his idealism into public policy:

- After his retirement from business, Carnegie became a tireless promoter of ways to further the cause of peace. In a 1907 speech—which was ultimately translated into 13 languages, with more than three million copies in print—Carnegie attacked the evils of war, calling it "the foulest fiend ever vomited forth from the mouth of Hell." With equal passion, he argued that war might be eliminated if a global organization, which he later proposed calling a "league of nations," were established with authority to settle international disputes through arbitration and the use of economic sanctions. After World War I, President Woodrow Wilson's proposal for the League of Nations had much in common with Carnegie's ideas, as did subsequent proposals for the United Nations.

- While serving as a trustee at Cornell University, Carnegie was shocked to discover that teachers, "one of the highest professions," earned less than his clerks and lacked retirement benefits. In 1905, he established a $10 million endowment to provide free pensions to college and university teachers. But there were strings attached, and one requirement was that participating institutions had to have the highest academic admission standards of the day. Of the first 421 applications, only 52 institutions were deemed eligible for the free pension program. Faced with the ensuing professorial revolt, colleges and universities across the nation raised their academic standards in order to join the pension system. Carnegie's biographer, Joseph Frazier Wall wrote, "With his pension plan, [he] had done more in a year to advance the standards of higher education within the United States than probably any carefully conceived program to accomplish that goal could ever have done." There's an interesting footnote to this story: As more and more colleges raised standards in order to join the free pension system, Carnegie realized that his personal wealth could not support its growth. So in 1918, with a $1 million gift, he established the Teachers Insurance and Annuity Association of America. The association managed retirement accounts, which were jointly funded by teachers and their employers. Now called TIAA-CREF, it is one of the world's largest insurance companies, with about $300 billion in assets.

Carnegie's fortune became the nation's good fortune. In his 1899 essay, *The Gospel of Wealth*, he explained how he had come to terms with being both a capitalist and a social reformer, and he encouraged others to follow his path. He wrote that while it was inevitable that some people became rich in a capitalist society, the rich should realize that they were merely trustees of a democracy's public wealth. As such, they were morally obliged to reinvest it as wisely as they could for the public good. As Carnegie put it, "Not until the dollars are transmitted into service for others, in one of the many forms best calculated to appeal to and develop the higher things of the moral, intellectual, and esthetic life, has wealth completely justified its existence."

The publication of *Gospel* created an international stir, praised by many, denounced by others. Some objected to Carnegie's assumption that the problem of wealth was its administration—not its concentration—and that the rich knew better than the people themselves how to spend it. In his book, *The Greatest Good Fortune: Andrew Carnegie's Gift for Today*, Simon Goodenough concluded, "It is possible to forgive his conceit because he made provision for others, not himself, to determine how his money should be spent after his death." At

the time, some religious leaders said Carnegie's gospel, though novel in its statement, varied little from Judeo-Christian tradition. But many objected to his philanthropic advice to would-be philanthropists: On a suggested gift list, he ranked gifts to churches dead last, below swimming baths, meeting halls, parks, hospitals, libraries and universities, which he considered the most important.

In addition to spreading his gospel of generosity, Carnegie was an innovative philanthropist. He was a prime advocate of so-called scientific philanthropy, and he favored planned, long-term investments that provided communities "the ladders upon which the aspiring can rise." As mentioned earlier, Carnegie was among the small group of philanthropists who invented the modern day foundation, with its professional managers and broad missions to provide societal benefits in perpetuity.

It took Wall, Carnegie's biographer, more than 1,000 pages to define Carnegie's place in history, but it is possible to get a sense of his impact by just mentioning the institutions that he built and then endowed for the public's perpetual benefit, both in the United States and the British Isles. In chronological order of their creation, the 11 Carnegie trusts and institutions are:

1895. Carnegie Institute in Pittsburgh, endowed with $6 million, with the purpose of celebrating art, science, music and literature. Built at a cost of about $20 million, the institute has a library, art gallery, music hall and museum of natural history. Among other natural wonders, the museum displays two dinosaurs, *Diplodocus carnegie and Apatosaurus louisae,* named after his wife. The museum helped preserve famous dinosaur quarries in northeastern Utah, which are now part of the Dinosaur National Monument.

1900. Technical Schools, endowed with $2 million, offered technical training at the secondary level in Pittsburgh. The school quickly evolved into the Carnegie Institute of Technology, a college that received an additional endowment of more than $7 million. In 1967, the Carnegie Institute merged with the Mellon Institute to become Carnegie-Mellon University. The university has colleges in engineering, fine arts, science, industrial administration, humanities and social science.

1901. Carnegie Trust for the Universities of Scotland, endowed with $10 million, was created "for improving and extending the opportunities for scientific study and research" as well as providing scholarships for needy students—a provision that was then attacked as radical, based on the fear that admitting the poor would lower standards.

1902. Carnegie Institution of Washington, endowed with $22 million, was the nation's first nonprofit research institution. It has operated five centers for basic research, including the Mount Wilson and Las Campanas Observatories. Two of its scientists have won Nobel Prizes for their work in genetics.

1903. Carnegie Dunfermline Trust, endowed with about $4 million, was created to benefit the 26,000 residents of Carnegie's birthplace in Scotland. As he put it, "to bring into the monotonous lives of the toiling masses of Dunfermline more of sweetness and light." The trust has provided village residents with social, educational and recreational opportunities.

1904. Carnegie Hero Fund Commission, endowed with about $6 million, "to honour civilians who risk their lives saving or attempting to save the lives of other persons, and to provide financial assistance to disabled heroes and to the dependents of heroes who lose their lives in the performance of the rescue acts." Helping heroes was Carnegie's favorite charity and, by 1911, he had created 10 other hero funds in Europe. All together, the 11 hero funds had a total endowment of $10.5 million.

1905. Carnegie Foundation for the Advancement of Teaching, endowed with $16 million, was initially established to provide free pensions to college and university teachers. After 1931, the foundation concentrated on research to improve education.

1910. Carnegie Endowment for International Peace, endowed with $10 million. Its purpose was to "hasten the abolition of international war, the foulest blot upon our civilization." The organization's agenda has included research by resident scholars, publications such as *Foreign Policy*, conferences and improvements to education in international relations.

1911. Carnegie Corporation of New York, endowed with $135 million and, thus, the largest permanent philanthropic trust ever recorded at that time. Its mission was "to promote the advancement and diffusion of knowledge and understanding." The Corporation's assets have grown to about $1.9 billion, and the foundation annually invests about $75 million in long-term efforts to promote peace and education, largely through research.

1913. Carnegie United Kingdom Trust, endowed with $10 million, for the "well-being of the masses of the people of Great Britain and Ireland." The trust has provided support for a wide variety of community services, ranging from child welfare programs to community theaters.

1914. Church Peace Union, renamed the Carnegie Council on Ethics and International Affairs in 1986, was endowed with about $2 million. Its mission was to "promote peace, through the rallying of men of all religions to supplant war by justice and international brotherhood." Through its publications, forums and research, the organization has promoted the application of ethics to key international problems and helped refugees displaced by war and natural disasters.

In designing institutions that would perpetually promote the public welfare, Carnegie realized the need to give trustees flexibility to adjust their humanitarian agenda "as the needs and expectations of society changed." He was so farsighted, and so optimistic, that his instructions to the peace foundations encouraged them to move on to other concerns "when war is discarded."

What is amazing, and a testament to the strength of Carnegie's vision, is that all 11 institutions continue their missions in science, culture, education and peace. This is the case also with us, here at Carnegie Corporation of New York, where we continue programs in education, democracy, international development, and international peace and security.[2]

In addition to endowing the above institutions, Carnegie spread countless other gifts.

[2] I have discussed details of our program in other essays: "Some Preliminary Thoughts," 1997; "Libraries and Andrew Carnegie's Challenge," 1998; and "Strengthening Scholarship and Research in the Former Soviet Union," 1999.

In New York alone, he built 66 free libraries throughout the five boroughs of New York, created the nation's first medical research laboratory, at Bellevue Hospital, and supported the New York Zoological Society and the New York Association for the Blind. He also spent $2 million building Carnegie Hall, but that was as much a business undertaking as a cultural investment. Shortly after his death, Carnegie Corporation sold the hall to private interests.

In his *Gospel,* Carnegie declared that "the man who dies rich, dies disgraced." In 1919, he died gracefully. He had already provided for his daughter and wife "beyond her desires," as he wrote in his will, which completed the disposition of nearly all of his wealth to mankind's future. His home, the mansion on East 92nd Street in Manhattan, was ultimately donated to the Smithsonian, becoming home to the Cooper-Hewitt Museum. And his crenelated castle in Scotland was ultimately sold to benefit the United Kingdom Trust. (Above one of the castle's fireplaces, Carnegie had his favorite saying carved into the woodwork: "He that cannot reason is a fool; He that will not is a bigot; He that dare not is a slave.")

In his Gospel, *Carnegie declared that "the man who dies rich, dies disgraced."*

Triumphant Philanthropy

More than a century after Carnegie extolled the American way in *Triumphant Democracy* and 165 years after Tocqueville coined the term individualism, the American character remains unique in the world—and something of a mystery, both at home and abroad. The historian Arthur M. Schlesinger has helped clarify the idea of individualism. "It is not the individual's independence from other individuals, but his and their freedom from government restraint," he wrote. "Traditionally, the people have tended to minimize collective organization as represented by the state while exercising the largest possible liberty in forming their own voluntary associations."

This ingrained self-reliance, rather than reliance on government, is still an American trademark. Americans participate in more civic organizations and give more generously of their time and money to public causes than citizens in other major nations, according to international studies done in the 1990s. "Nothing sets this country as much apart from the rest of the Western World as its almost instinctive reliance on voluntary, and often spontaneous, group action for the most important social purposes," Peter F. Drucker wrote in his 1993 book, *The Ecological Vision: Reflections on the American Condition.*

In some parts of the world, such as the former Soviet Union, voluntary associations were banned and charities nationalized during the Communist period. Now, we're seeing these countries make efforts to create civil societies and philanthropic enterprises. Though currently small, these efforts are stimulating citizen participation and strengthening their communities and democracies. In other developed nations, voluntary associations and philanthropy are growing rapidly despite lingering cultural barriers. Many Europeans, for example, are still accustomed to the state providing most of the services and amenities of a modern society—and, in return, collecting very high taxes. "People first ask, what can the state do; and only secondly do they ask, what they can do themselves," Winfried Ripp, head

of Dresden's Community Foundation, recently told the *Christian Science Monitor.* According to a German study in 1997, American citizens gave, on a per capita basis, nearly seven times as much as their German counterparts and about six times as many Americans as Germans did volunteer work, after accounting for differences in population size.

Nonetheless, all over the world citizens are taking greater responsibility, fueling an explosive growth of nonprofit organizations in recent decades. In their 1999 book, *Global Civil Society: Dimensions of the Nonprofit Sector,* Lester M. Salamon, Helmut K. Anheier and their co-authors say that a "global associational revolution" appears to be underway. All over Europe, for example, citizens' associations have grown rapidly in the last three decades. Even Hungary had more than 13,000 associations within two years after Communism collapsed. The authors also note the paradox that new nonprofits in Central and Eastern Europe actually receive more support from philanthropy, on a percentage basis, than do American nonprofits, presumably because the new nonprofit organizations in these countries have not yet learned how to generate more income from charging fees, which is the primary source of income for U.S. nonprofits. Interestingly, four nations—the Netherlands, Ireland, Belgium and Israel—had such well-developed civil societies in 1995 that they actually had a higher percentage of their citizens employed by nonprofit organizations than did the United States, which had 7.8 percent of its citizens employed by nonprofits (almost 1 in 12, either as an employee or a volunteer). The authors attributed the growth of nonprofits around the world to increasing doubts about the exclusive capability of a state to cope with societal problems, the communications revolution and the expansion of a middle class that is frustrated by slow economic and political progress.

In Britain, there are also signs of a growing philanthropic ethic. In an effort to promote American-style philanthropy, the government recently launched a publicity campaign called *Get Britain Giving* and enacted a tax law that encourages donations. Universities such as Oxford, Cambridge and the London School of Economics have also begun efforts to create a tradition of giving by graduates, corporations and foundations. "We in Britain do indeed have a long way to go before we can match the culture of giving in America," D. Duncan Rice, principal of the 500-year-old University of Aberdeen, Scotland, wrote in a recent essay. Referring to the university's campaign to raise about $215 million by 2010, he added: "Seen through American eyes it may seem trivial, but it is regarded by many in this country as being ambitious to the point of frivolity. The same is true of all sorts of other civilizing institutions from which the welfare state is retreating, but which private philanthropy must move to support."

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In America today, philanthropy is woven almost invisibly into the cultural fabric. Of course, we see some spectacular displays of generosity from donors like Mrs. Vincent Astor, Paul Mellon, Walter Annenberg, David and Laurence Rockefeller, J. Paul Getty, George

Soros, Bill Gates, Ted Turner, David Packard, William Hewlett, Mrs. Irene Diamond, Agnes Gund, Teresa Heinz and Dorothy and Lewis Cullman. The honor role of major benefactors is far too long to include here, but some exemplary members are Michael Bloomberg, Bob and Larry Tisch, Elaine and Jim Wolfenshon, Sandra Priest Rose and the late Fred Rose, John Loeb, Maurice Greenberg, Jack and Lewis Rudin, John Whitehead, Ken Dayton, Henry Kravis, Ronald and Leonard Lauder, Leon Levy, Alan C. Greenberg, Harold W. McGraw, Jr., John Huntsman, William E. Simon, Sandy Weill, Edith and Henry Everett, Thomas Watson, Jr., the late Richard Salomon, Artemis Joukowsky, the Gottesman family and Joseph J. Jacobs. (In 1996, Jacobs, founder of a global construction company, wrote an influential book about using conservative means to reach liberal goals in education, the environment and other areas. The book's title? *The Compassionate Conservative.*) And last, but not least, are the Chicago families of Crown and Pritzker.

Recently, this roster of philanthropy was joined by Claudia Coleman and William T. Coleman III, founder of BEA Systems (who gave $250 million to the University of Colorado); Leonard Riggio, founder and chairman of Barnes & Noble, Inc. ($25 million to the Dia Center for the Arts); Margaret McDermott, the widow of Texas Instruments' founder ($32 million to the University of Texas at Dallas); John Kluge, Metromedia's founder ($60 million to the Library of Congress); and Kenneth Behring, the real estate developer ($80 million to the National Museum of American History).

Yet philanthropy in America is not only about big names and big fortunes, it is about individuals and their endless surprises.

There is Oseola McCarty, the 87-year-old laundress, who gave her life savings of $150,0000 to the University of Mississippi for scholarships. In 1995, she said, "I'm giving it away so the children won't have to work so hard, like I did." There is Karen Pittelman, a 25-year-old poet who recently used most of her $3 million inheritance to start a Boston foundation that helps low-income women pull their lives together. At the time, she said, "Turning my inheritance into this foundation was the way I claimed my responsibility to this community." And there is Aubyn Burnside, who was 10 years old in 1995 when she learned that foster children tend to live nomadic lives, moving from one home to another, toting their belongings in black garbage bags. Six years after Aubyn's first collection drive for suitcases in North Carolina, her charity—called Suitcases for Kids—has chapters in every state and nine foreign countries. "I thought it was horrible that the children had nothing to carry their things in as they moved so many times," said Aubyn. "I wanted to make them feel special by giving them something of their own to keep."

Such beneficence often snowballs across the continent, as inspirational stories inspire Americans to get involved themselves. Generosity is even an organizing principle of the way we socialize, frequently combining fun and glamour with good deeds. Literally millions of benefits take place annually, and they range from school fairs to fund field trips to celebrity galas for AIDS charities.

Hollywood is better known for lending celebrity names to public causes than it is for celebrities' parting with their fortunes. But there are shining exceptions and the list is growing. Paul Newman, of course, created Newman's Own food label and has given away

the company's profits of more than $100 million since 1982. Among the contributions Bill and Camille Cosby have made to educational institutions is a $20 million gift to Spelman College. Steven Spielberg's generosity includes establishing the Righteous Persons Foundation, which has distributed $37 million in profits from "Schindler's List" to promote and support Jewish causes and cultural and historic activities. Now, we are seeing the beginning of philanthropic giving by many other celebrities; among those who have established foundations, albeit on a much smaller scale, are Kirk Douglas, Richard Gere, Johnny Carson and Rosie O'Donnell. Hopefully, they are setting enduring examples.

The number of people establishing foundations has reached the point that the pros and cons of doing so are covered by magazines and newspapers in their year-end tax guides. ("In fact, private foundations can work well for families who want to donate assets of at least $1 million for a foundation in their name with a specific charitable mission," *Forbes* magazine advised this year.) There is also a whole cottage industry of companies and nonprofits that have emerged to simplify the process.

Giving is so mainstream in America that even politicians are expected to be generous—and they are taken to task if their giving to charity and philanthropy represents an insignificant percentage of their incomes. Whether running for president or mayor, candidates' giving has become an indicator of character, publicly discussed and often ranked.

Businesses are also discovering that giving is good for business and public relations as well as good for making them part of the community of responsible citizens. Many companies have, of course, been generous for a very long time. In *Worth* magazine this year, Nelson W. Aldrich, Jr., wrote about trends in corporate generosity. In the magazine's ranking, created jointly with the Council on Economic Priorities, the four most generous companies in 1998 were: 1) the Bank of America, which gave charities $91 million in cash gifts and, among other things, gave its employees a day off to do volunteer work in communities around the world, 2) General Motors, with contributions totaling $74 million, mostly in support of scholarship funds and educational programs, 3) Johnson & Johnson, which awarded $67 million, largely to programs in minority neighborhoods, and 4) Philip Morris, giving away $60 million, including substantial sums for anti-hunger campaigns. Aldrich noted that Philip Morris has been simultaneously spending about $100 million a year to advertise its philanthropic work, but he concluded, "Regardless of the motive, the results still have value."

While more companies are giving, and their total giving has risen, their generosity has not kept pace with the growth of their profits. Their gifts climbed past 1 percent of pre-tax income in 1970, peaked at 2.3 percent in the early 1980s and then leveled off to the current rate of just over 1 percent, according to estimates by the Council for Aid to Education. In view of this decline, *Worth* magazine created another honor role that ranked companies by the proportion of income they gave to charity and philanthropy. Champion International, the paper and forest products company, was the top "profit sharer," giving $8 million in gifts, or 6.6 percent of its average pretax earnings. Humana, the managed-care company, ranked second and Owens Corning, the building-materials manufacturer, ranked third. Remarkably, Owens had given more than a million dollars a year for three years, including two years when the company had losses.

While the business world is still trying to compute the costs and benefits of corporate

citizenship, the bottom line is looking good. As an analysis by *The Economist* magazine concluded in 1999: "Companies with an eye on their triple bottom line—economic, environmental and social—outperform their less fastidious peers on the stock market." Indeed, more and more companies are seeing profit in philanthropic principles, according to Rosabeth Moss Kanter, a professor of business administration at the Harvard Business School. In a 1999 *Harvard Business Review* article, entitled: "From Spare Change to Real Change: The Social Sector as Beta Site for Business Innovation," she wrote:

"Today, leading companies are beginning to find inspiration in an unexpected place: the social sector—in public schools, welfare-to-work programs and the inner city. These companies have discovered that social problems are economic problems, whether it is the need for a trained workforce or the search for new markets in neglected parts of cities. They have learned that applying their energies to solving the chronic problems of the social sector powerfully stimulates their own business development...Tackling social sector problems forces companies to stretch their capabilities to produce innovations that have business as well as community payoffs...This is not charity; it's R & D—a strategic business investment."

If philanthropy is good for the bottom line, so much the better for humankind. There are many indications that giving is becoming part of the business culture, further nationalizing American philanthropy. Many companies pay nonprofits for the right to use their name—like Johnson & Johnson's use of the World Wildlife Fund's logo—as a way to make their products more appealing to consumers. Cause-related marketing works, too, according to business studies that have found that most consumers will switch to a brand that supports a good cause, if other things like price and quality are equal. Citibank is building its customer base in another innovative way: by generously funding a nonprofit organization that provides loans and financial advice to low-income people.

The shortage of skilled workers has also quickened corporate interest in education. As a result, middle-schoolers in Warren, Ohio, sharpen math skills by solving real-world engineering problems in a nationally recognized curriculum developed by General Motors. An executive from Verizon chairs the board of Delaware's top performing public high school, a charter school in Wilmington.

Some business executives have become exemplary leaders in school reform. Eli Broad, chairman of SunAmerica Inc., the financial services company, donated $100 million in 1999 for a nationwide campaign to improve urban school management. Two other executives have each raised millions of dollars to improve schools, worked closely on national efforts to improve schools and written extensively on education. They are IBM's chairman and chief executive officer Louis V. Gerstner, Jr., and David T. Kearns, formerly chairman and chief executive officer of the Xerox Corporation and Deputy U.S. Secretary of Education in President George Bush's administration.

Gerstner gained insight into school reform when, as chairman and chief executive officer of RJR Nabisco in the early 1990s, he oversaw the corporate foundation's investment of $30 million in improving 43 schools across the country. In 1994, he co-authored a book, *Reinventing Education: Entrepreneurship in America's Public Schools*, that makes the case that the core problem is that "schools as insti-

tutions have lacked the mechanism for self-renewal." The RJR Nabisco Foundation was also an early investor in New American Schools, a nonprofit organization founded in 1991 by Kearns with, ultimately, more than $140 million in corporate contributions. The nonprofit school reform organization has become a potent force behind the comprehensive school reform movement in nearly 10 percent of all public schools today. Kearns, now chairman emeritus of New American Schools has just co-authored his second book on school reform, entitled *A Legacy of Learning: Your Stake in Standards and New Kinds of Public Schools*. The book argues that standards are not sufficiently clear or high.

In the final analysis, though, what really makes American philanthropy triumphant is its grassroots nature. Whether rich or poor, most Americans participate in philanthropy by volunteering their time and money to causes ranging from highway litter patrols to Amnesty International. In 1998 alone, 56 percent of adults volunteered and 70 percent of households made contributions, according to a recent study by the Independent Sector. The voluntary effort that year translated into $138 billion in individual gifts and nearly 20 billion hours of volunteer work. The United Way, alone, received more than $3 billion in gifts that year for its member nonprofit organizations and countless millions of hours of volunteer work.

And, contrary to conventional wisdom about who makes the most sacrifice, the study revealed that low-income people donate a disproportionately larger percentage of their income than do the wealthy. Breaking down demographics still further, single women are more likely to give than single men, African Americans are more likely to give than whites and older Americans are more likely to give than any other age group, according to a recent report by the Council of Economic Advisers.

As for young, hopefully budding philanthropists, a 1998 *New York Times/CBS* survey found that 58 percent of teenagers reported doing volunteer work in the prior year. On college applications and resumes, young people reflect the values of our culture by routinely including these volunteer experiences as evidence of their good character. In a similar vein, the Girl Scouts of the USA this year introduced a new honor patch—called "Strength and Sharing"—to recognize girls' efforts in community philanthropy. In Michigan, public schools are introducing a curriculum for children in grades K–12 that teaches the powerful history and impact of philanthropy. In California, K–8 teachers in Santa Barbara can receive grants for programs and projects that instill the ethic of service and philanthropy. The new program, supported by the Santa Barbara Foundation, was recently launched with a preview of the film, *Pay It Forward*, staring Kevin Spacey, Helen Hunt and Harley Joel Osment. The school program and the film's plot have much in common: in both, children are urged to dream up philanthropic projects to improve their communities.

With all these manifestations of generosity, it is not surprising that philanthropy and charity are now at record-breaking levels. According to estimates published in *Giving USA*, the total amount of giving from all sources in 1998 was $174.5 billion. That included about $9 billion from corporations and corporate foundations, nearly $14 billion from bequests, about $17 billion from independent and community foundations and the remainder from individual gifts. Overall, there was an 11 percent increase, and it was the third year in a row with a double-digit

increase. In 1998, nearly 44 percent of all this giving went to religious institutions for sacramental purposes, charity and education.

Philanthropy's support for the nonprofit sector has strengthened as foundations themselves have grown stronger. *Giving USA* reports that foundation expenditures increased by nearly 250 percent, after adjusting for inflation, between 1975 and 1998, and this far outpaced the growth in giving from other private sources. The increase reflects a boom in new foundations: About 1,000 new foundations are created every year, adding to the 54,000 private foundations that already operate in the United States. In addition, gifts have flooded into the new charitable trust funds managed by Wall Street firms during the last decade. Fidelity, alone, manages over $2.3 billion for 22,000 donors, making it the nation's 10th largest charity.

The societal benefits of all this philanthropy are beyond measure—and statistics, while impressive, can only give hints. American generosity toward higher education, for example, is unrivaled in the world. In 1999, college and university endowments exceeded $195 billion, according to a study conducted by the National Association of College and University Business Officers of 503 major public and private institutions of higher education. Philanthropy also provides significant support to the nation's nonprofit sector, which includes approximately:

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- 1,500 international human rights and relief organizations
- 4,400 environmental organizations
- 17,000 arts and culture organizations – including 2,000 museums
- 23,500 education institutions
- 28,000 health organizations, including 3,200 hospitals
- 55,000 human service organizations

All told, there are about 1.4 million nonprofit organizations, not including religious institutions. This sector provides a significant share of the nation's low-income housing, a substantial amount of its higher education and research institutions and a critical component of K–12 education, as well. Our nonprofits provide half of the nation's health care, most of its human services and almost all of the arts. Nonprofits address the needs of under-served and disadvantaged populations by providing billions of dollars in services and programs. This sector tackles complex social problems that other sectors are either unwilling or unable to address. In all of these areas, philanthropies help nonprofit organizations develop innovative programs. It has been said that philanthropies and their nonprofit partners are the research and development arm of our society.

New Philanthropies, New Perspectives

Here, at the turn of the century, America has witnessed unprecedented prosperity. In 1999, there were an estimated 7.2 million millionaires, more than double the number five years earlier. In 2000, American households held more than $50 trillion in assets, up from just

over $30 trillion in 1990 and $20 trillion in 1980, according to Hudson Institute estimates.

With this instant wealth, we have witnessed growing demand for instant philanthropy, as well. We live in an impatient culture that celebrates fads, quick fixes and instant fame. This instant culture is at odds with a world where there are so many chronic needs and entrenched problems. There are, of course, many pressing concerns that can be addressed immediately. But we need to differentiate between problems—minor or major, simple or complex, temporary or enduring, actual or potential—and use different strategies to deal with them all. Philanthropies must not fall prey to demands for instant solutions, hurriedly "solving" problems and moving on.

Difficult problems, by definition, resist quick and easy solutions. Searching for cures for cancer, trying to reduce racism or deterring ethnic violence abroad are the kinds of problems that require long-term, patient attention, multiple approaches and risk taking that may result in failure. As urgent as such problems are, we must be patient because progress is not always readily measured. Philanthropies have to make long-term investments in the creation of knowledge, both theoretical and applied. Our impatient society might like to skip the "theoretical stuff," but theory often precedes practical knowledge. And big ideas generally evolve from small ideas, and small ideas, from smaller ones, still. So there really is no such thing as useless knowledge, as the legendary educator Abraham Flexner argued in his essay, appropriately entitled, "The Usefulness of Useless Knowledge."

Foundations are in the business of investing in social capital; hence, the necessity of taking risks. Therefore, we must be fearless about risks, even failure. Unanticipated failure is often to be expected as an inevitable part of the discovery process, part of learning what not to do again and, thus, part of making progress. In his instructions to trustees almost a century ago, Carnegie exhorted them to be iconoclastic: "Remember you are pioneers, and do not be afraid of making mistakes; those who never make mistakes never make anything. Try many things freely, but discard just as freely."

In this discovery process, philanthropies must often invest in countless efforts, experiments and model programs before anything can be attempted on a larger scale. In 1959, John Gardner, a former president of Carnegie Corporation, described the often torturous path the search for knowledge takes: "The bright new idea may prove to have more novelty than validity; the 'pioneering' venture may bog down; the research program may yield negative results, but foundations which engage in support of such efforts must be prepared to take these chances. It is in this sense that they regard their funds as 'venture capital.'"

Today, some newcomers to philanthropy actually come from venture capital firms and are applying their business acumen to what they call venture philanthropy. Although new to philanthropy, they are following in the footsteps of Carnegie, Rockefeller, Ford and Morgan, who also infused their philanthropic enterprises with the expertise, energy and imagination that served them so well in business.

Venture philanthropy brings a welcome new set of strategies to grantmaking.

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traditional philanthropies, which make grants to a great many capable organizations with promising proposals, the new philanthropists work intensely with relatively few nonprofit organizations. Traditional foundations fund projects and give free rein to the experts to develop their ideas independently; new foundations often join the boards of directors and may provide day-to-day financial and management support. And while established foundations commonly invest in creating knowledge that may not pay dividends for years or even decades, venture philanthropies tend to restrict their investments to worthy causes with outcomes that can be readily measured.

One of the pioneers in venture philanthropy is the Roberts Foundation, which was established by the leveraged-buyout expert George R. Roberts and his wife Leanne in 1986. A recent profile of the foundation in *The New York Times* described some of the innovative business practices the foundation uses to stretch the value of each philanthropic dollar. In one program, the foundation has helped develop 23 nonprofit businesses that employ people who are homeless, have mental illnesses, or are recovering drug addicts. To determine which philanthropic investments are the most promising, Jed Emerson, a program officer with an M.B.A., analyzes each organization's financial information, social service results and participants' responses on questionnaires. From this analysis comes a bottom line number, called the "social return on investment," that can add efficiency to the foundation's management and investment activities. Emerson told the *Times* that the management model might take a decade to refine, and distanced himself from overblown rhetoric about venture philanthropy: "We're certainly not saying this is God's gift to philanthropy."

As Emerson's comment suggests, some of the excitement surrounding venture philanthropy has boiled over, creating unrealistic expectations for it and setting up a false competition between "new" and "old" philanthropies. But in philanthropy, as in all fields, solutions of one size do not fit all problems. At the same time, both new and old philanthropies have much to learn from each other. Rather than allowing themselves to be pushed into a competition, they should initiate cooperative and collaborative relationships. Such interplay encourages renewal in all institutions and prevents them from becoming ossified—today's new philanthropy, after all, is tomorrow's old establishment. Philanthropies, new and old, have an obligation to share information about where they have succeeded and where they have failed so others can avoid waste and invest more wisely.

Speaking of "old philanthropy" as though it were a monolithic enterprise is, of course, simplistic. American philanthropy's strength, after all, does not lie in its uniformity, but in its diversity. This diversity has regional, ethnic, racial and gender components. Philanthropies approach causes galore, and see problems from many different perspectives, ideologies, methodologies and strategies. Such differences are necessary and healthy, especially since they all reach for the same goals: namely, they all want to advance knowledge, promote understanding and improve the human condition. They all want results, short term or long term. They all want to make a difference. They all believe in accountability. They all believe in revitalizing their communities, engaging their communities, and participating in their communities' future. All of this strengthens our democracy.

As Robert Louis Stevenson wrote, "Don't judge each day by the harvest you reap, but by the seeds you plant."

Challenges and Responsibilities

Having served at the helm of four nonprofit organizations, I have seen the impact of American philanthropy from many angles. I am awed by its scope, its range and its depth. But I am also cognizant of the challenges and responsibilities it faces, and I would like to mention two of them in closing.

As Andrew Carnegie saw himself as a trustee of public wealth, I see foundations as stewards of public trusts. After all, philanthropies have historical, legal and moral obligations to society as well as to their founders. They are entrusted with the administration of considerable wealth —totaling some $385 billion in 1999. This wealth was given to them for specific purposes and time periods. That means they must remain faithful to their missions and be as open as possible in their work. Or, as a former Carnegie Corporation trustee put it, philanthropies "should have glass pockets." That is necessary because donors enjoy favorable tax policies, and philanthropies enjoy tax exemptions, thanks to the unique American compact between public and private sectors. This compact is very strong, but it cannot be taken for granted. It is based on philanthropies' performance in carrying out their responsibilities.

Philanthropies bear heavy societal responsibilities by virtue of their wealth, their central role in our civil society and their power to help or, unintentionally, to harm. They have a moral responsibility to see that this power is used openly, wisely and responsibly in upholding society's values rather than subverting them. Philanthropies' responsibilities will increase in the coming years as their wealth increases. It is estimated that as much as $2.7 trillion more will be entrusted to the nonprofit sector in general, and philanthropies in particular, during the next twenty years when about $18 trillion will pass from one generation to the next.

In recent years, estate tax regulations have encouraged this transfer of money to transfer again: from the heirs of those who create the wealth to the public arena where nonprofit organizations and foundations have nurtured and created opportunities in the social, cultural, scientific, medical, artistic and intellectual lives of communities across the nation. Though Americans have never needed tax incentives alone to cultivate their philanthropic yearnings, public policy has had a direct impact on the growth of the civil sector. Tax regulations have served as incentives by encouraging those of great wealth to establish family foundations, donate money to projects that address great public needs and support local and national institutions central to the educational and cultural soul of America.

When Andrew Carnegie published *The Gospel of Wealth*, there was a major national and even international debate about wealth and inheritance and the impact of these on society's welfare. Some 100 years later, I'm delighted that once again the nation is discussing the same issues openly and honestly. Such a debate can help to dispel the public cynicism that people of wealth are self centered and concerned only with their own welfare.

One hopes, no matter what the outcome of the current debate, that our public officials will act in the context of a full understanding of a rich tradition of American philanthropy and its benevolent impact on our society. One equally hopes that centuries of American phi-

lanthropy will continue to serve as a guide and inspiration to our current and future generations of benefactors and elected representatives.

Our International Role

A final concern is a global one. We cannot remain an island of prosperity in the ocean of scarcity. We live in an interdependent world with more than 6 billion people and we share global obligations. According to World Bank estimates, 1.2 billion people live on less than $1 a day and an equal number do not have access to clean water; 3 billion people do not have access to sanitation or adequate housing, and 4.2 billion people cannot read. Less than 1 percent go to college. It is also evident that

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epidemics do not recognize frontiers. Neither does poverty, nor repression, nor natural disaster. Sooner or later, they become political issues, reaching all of us. We cannot live in "splendid isolation."

The fact is, Americans never really have. As a land of immigrants, the United States has had close ties to other countries and newcomers have customarily sent portions of their paychecks home to help families and communities. Citizens' charity and philanthropy have always had an international component, as well. In the 1820s, for example, Americans held charity balls, auctions and fairs to support Greek independence. In 1846, the citizens of Massachusetts sent six ships laden with food to help relieve the Irish famine.

Andrew Carnegie was also a pioneer in international philanthropy. He made his first gift in 1873: $25,000 for "swimming baths" for his Scottish birthplace, Dunfermline. In later years, Carnegie strengthened Scottish universities and supported community organizations throughout Britain. To bring more "sweetness and light" into the world, he sent 7,634 organs to churches in 13 countries, including some in Africa and the British West Indies. His grants supported Madame Curie's medical research on radium in Paris and Robert Koch's studies about tuberculosis in Berlin. His greatest international concern, of course, was peace. In addition to promoting international peacekeeping organizations and endowing four foundations to work indefinitely toward peace, he built three "temples of peace," as he called them. They are the Peace Palace at The Hague, in the Netherlands, the Central American Court of Justice in San Jose, Costa Rica, and the Pan American Union Building in Washington, D.C., built to encourage "the union of all the republics in this hemisphere." The Pan American Union subsequently became the Organization of American States.

America was his base, but the world was his range. If I may paraphrase the saying, "think globally and act locally," Carnegie thought globally and acted locally, and he also thought locally and acted globally.

Throughout our history, in times of war and national disasters, Americans have risen to the occasion, not confining their charity to our land alone but to the world at large. During and after World War I, for example, an American organization called Near East Relief fed, clothed, housed and provided medical care for some 12 million refugees, including Armenians, Assyrians, Greeks, Kurds and

Turks. In its charitable and philanthropic work, the foundation became a prototype for the Peace Corps. Today, we also have CARE, Catholic Charities, the U.S. Fund for UNICEF, Human Rights Watch, Amnesty International, International Rescue Committee and scores of other organizations that are conduits of American generosity to the rest of the world.

Commerce, technology, media and immigration are increasingly opening our eyes and hearts to the needs of other peoples, and America is well on its way to becoming a truly global nation, and a globally philanthropic one, as well. This is natural, because as decent, moral and spiritual beings, we have an obligation, whenever possible, to assist our fellow human beings and help them claim their autonomy and preserve their dignity. And while our tradition in international giving has been strong, it cannot but strengthen still more, for needs grow exponentially.

In this regard, philanthropists like Bill Gates, George Soros and Ted Turner are providing new models for others to combine national commitments and international commitments—much in the way Andrew Carnegie did a century ago. For like Carnegie, they have global concerns about preventing disease, promoting peace, eliminating injustices and providing education and learning. So, as we celebrate the centennial of Andrew Carnegie's philanthropy, I'd like to take the occasion to remind us all that while charity begins at home, it does not stay at home.

In surveying American philanthropy I am reminded of two biblical injunctions: to whom much is given, much is expected; and another, favored by Saint Francis of Assisi, that it is in the giving that we receive. After all, altruism is a form of social cement for communities, locally, nationally and globally, and it doesn't matter whether the giving is in the form of charity or philanthropy. One cannot but witness how philanthropy ennobles us, brings out our best nature and allows us to transcend the limits of space, time, class, race, ethnicity and gender to become part of the larger community and of humankind. Philanthropy marks our place in history and, hence, ties us to the future. It saves us from becoming captives of a self-serving present. And let us not forget there is a joy in giving. As Victor Hugo once wrote, "As the purse is emptied, the heart is filled."

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